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RESEARCH ARTICLE

Enhancing Local Government Financial Statement Quality: The Role of Apparatus Quality, Technology Utilization, Accounting Policies, and Internal Control

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Abstract
This study aims to examine the influence of the quality of financial management officials and the use of technology on the quality of financial reports, with the application of accounting policies as a mediator and internal control as a moderator. Respondents in this study were financial management officials at 40 Regional Work Units (SKPD) in Central Bengkulu Regency, consisting of 29 Regional Government Organizations and 11 Districts, with a saturated sampling technique. The data analysis tool used in this study was SEM-PLS. The test results show that the quality of financial management officials significantly influences the application of accounting policies, while the use of technology does not. The application of accounting policies significantly influences the quality of financial reports and mediates the effect of the quality of financial management officials on the quality of financial reports, but does not mediate the effect of technology use. Internal control was not proven to moderate the relationship between accounting policies and the quality of financial reports. This study provides one model option for improving the quality of local government financial reports through strengthening the application of accounting policies.

Keywords
Quality of Financial Management Apparatus; Technology Utilization; Accounting Policy; Internal Control; and Quality of Financial Reports.

1 | INTRODUCTION

Quality financial statements are crucial for public transparency and accountability, serving as a reflection of credible financial governance in local government units based on Government Regulation (PP) No. 71 of 2010 (Indonesian Government, 2010) and the State Audit Standards (SPKN) established in 2010 (BPK, 2010). However, the Audit Result Report (LHP) of the Audit Board of the Republic of Indonesia (BPK) No. 19.A/LHP/XVIII.BKL/05/2025 on the 2024 Financial Statements of the Bengkulu Tengah Regency Government reveals a low level of reliability and data accuracy in the financial statements. The BPK disclosed 28 findings related to weaknesses in the Internal Control System (SPI) and non-compliance with statutory provisions. These findings include an overpayment of expenditures amounting to Rp3.58 billion, which potentially causes misstatements in the expenditure items of the Budget Realization Report (LRA); unvouched expenditures totaling Rp139 million that directly invalidate the reliability requirement of the financial statements; and a cash shortage in the School Operational Assistance (BOSP) funds of Rp164 million, along with hundreds of fixed assets lacking Handover Certificates (BAST) valued at hundreds of billions of rupiah, leading to inaccuracies in the cash balance and asset values on the Balance Sheet. These conditions indicate that serious problems regarding the quality of financial statements still persist. These recurring audit findings fundamentally stem from two critical root causes: human resource capacity and technological supporting systems. On one hand, the low quality of the financial management apparatus leads to weak transaction identification, substandard accounting records, and poor archiving of essential documents, such as the aforementioned handover certificates (BAST). On the other hand, the utilization of information technology has not been optimized; regional financial applications like SIPD are often treated merely as administrative data-entry tools rather than strategic systems capable of detecting errors or budget duplications at an early stage. Therefore, to bridge the competence of the apparatus and technology utilization toward high-quality financial reporting, local governments require a consistent implementation of accounting policies as a standardized guideline, backed by a stringent internal control system to prevent deviations.

While extensive literature has explored various factors affecting the quality of local government financial statements, most previous studies focus predominantly on direct-effect models (Aswindawaty & Lukum, 2023; Karmila *et al*., 2022). These direct tests frequently produce inconsistent findings because they overlook the internal dynamics of public sector organizations when adapting to regulatory changes. This study addresses this research gap by introducing an integrative framework that incorporates accounting policies as a mediating variable and the internal control system as a moderating variable. Accounting policies are examined as a mediator because the capacity of human resources and advanced technology cannot automatically produce reliable financial statements without strict compliance with established government accounting standards. Concurrently, the internal control system is positioned as a moderator to evaluate whether a strong control environment strengthens or serves as a boundary condition for the implementation of accounting policies in the public sector. Through this comprehensive approach, this study offers novelty by capturing how capacity variables (human and technology) interact with regulatory and oversight variables at the regional government level. Based on the background and the research gaps described above, this study explicitly aims to analyze and empirically demonstrate the effects of apparatus quality and technology utilization on the financial statement quality of the Central Bengkulu Regency Government, with accounting policies serving as a mediating variable and the internal control system acting as a moderating variable.

2 | BACKGROUND THEORY

Study integrates three major theoretical perspectives—Compliance Theory, the Unified Theory of Acceptance and Use of Technology (UTAUT), and Contingency Theory—to explain the factors influencing local government financial statement quality. First, Compliance Theory posits that individuals or organizations tend to conform to established rules, norms, and regulations driven by internal values or external pressures. In the public sector, this theory explains how the quality and competence of the financial management apparatus drive their compliance with government accounting standards. Competent apparatuses possess a deeper understanding of regulatory frameworks, ensuring that regional transactions are recorded and reported in strict accordance with established accounting policies. Second, the Unified Theory of Acceptance and Use of Technology (UTAUT) serves as the foundation for examining technology utilization. UTAUT suggests that performance expectancy, effort expectancy, social influence, and facilitating conditions determine an individual's behavioral intention to use a system. Within regional government organizations (OPD), successful technology utilization (such as SIPD) relies heavily on these factors, which theoretically streamline the accounting process and enhance the reliability of financial data entry.
Third, Contingency Theory argues that there is no universally optimal organizational design; rather, organizational effectiveness depends on the fit between the organization's structure and its environmental context. In this study, the internal control system (SPI) is conceptualized as a contingency factor. Contingency theory provides a

framework to evaluate whether the relationship between accounting policy implementation and financial statement quality is contingent upon the strength or weakness of the internal control environment, rather than assuming a uniform direct effect across all organizational settings.

2.1 Hypothesis Development

Development of H1: Apparatus Quality and Accounting Policies The quality of the financial management apparatus, encompassing knowledge, skills, and work attitudes, directly influences how regulatory directives are operationalized. Grounded in compliance theory, an apparatus with high professional competence is more likely to implement regional accounting policies accurately and consistently. Conversely, a low-capacity apparatus struggles with complex transaction definitions, leading to policy non-compliance. Thus, it is hypothesized that: H1: Apparatus quality has a positive and significant effect on the implementation of accounting policies. Development of H2: Technology Utilization and Accounting Policies The integration of information technology is expected to facilitate the execution of accounting tasks. Under the UTAUT framework, when technological systems are perceived as useful and user-friendly, they support the apparatus in adhering to mandated accounting policies through automated validations and structured workflows. Therefore, it is hypothesized that: H2: Technology utilization has a positive and significant effect on the implementation of accounting policies. Development of H3: Accounting Policies and Financial Statement Quality Accounting policies provide the formal guidelines for recognizing, measuring, presenting, and disclosing financial transactions. Consistent adherence to these policies ensures that the resulting financial statements fulfill the qualitative characteristics of reliability and relevance, thereby minimizing audit findings by the BPK. Thus, it is hypothesized that: H3: The implementation of accounting policies has a positive and significant effect on the quality of local government financial statements.

3 | METHOD

This research employs a quantitative approach with a survey design to explain the causal relationships between variables systematically and measurably. The population consists of all 40 Local Government Agencies (SKPD) in Central Bengkulu Regency, comprising 29 Regional Apparatus Organizations (OPD) and 11 Districts. Because the population is relatively small and each SKPD plays an equally strategic role in financial reporting, a saturated sampling (census) technique was applied, making all 40 SKPDs the research sample. The unit of analysis is the SKPD as an organization, while the unit of observation is one designated financial management official per SKPD. Specifically, respondents are the Head of Finance Sub-division (Kasubbag Keuangan) in Type-A SKPDs, who bears direct responsibility for preparing financial statements, and the Head of Planning and Finance Sub-division (Kasubbag Perencanaan dan Keuangan) in Type-B SKPDs and Districts, where both functions are consolidated into a single position. This selection was based on the rationale that these officials possess the most complete and direct access to all financial management and reporting processes within their respective work units. Consequently, the total number of respondents is 40 persons, with one respondent representing one SKPD as the unit of analysis. Primary data were collected through online questionnaires distributed via Google Forms, disseminated through the official WhatsApp groups (Tepra and Perencanaan BENTENG) that serve as formal communication channels for all Kasubbag Keuangan/Perencanaan dan Keuangan across the regency. Of the 40 questionnaires distributed, all were returned and deemed usable, yielding a response rate of 100%. All indicators were sourced from established literature and applicable regulations: the Quality of Financial Management Apparatus (X1) was adapted from Hutapea and Thoha (2008), encompassing knowledge, skill, and attitude; Technology Utilization (X2) was drawn from Yusuf *et al*. (2022) and Venkatesh *et al*. (2003), capturing performance expectancy, effort expectancy, social influence, and facilitating conditions; Accounting Policy Implementation (M) was derived directly from Perbup Bengkulu Tengah No. 1 of 2023, covering nine policy dimensions; Internal Control (Z) was adapted from Setiawati and Shinta Sari (2014) in reference to PP No. 60 of 2008, encompassing the five COSO components; and the Quality of Financial Statements (Y) was operationalized based on SPKN, PP No. 71/2010, PP No. 17/2003, PP No. 60/2008, and PP No. 15/2004. All variables were measured using a five-point frequency-based Likert scale (1 = Very Rarely to 5 = Always), applied to accurately reflect the actual implementation level of each indicator in daily financial management practice. Data analysis was performed using Partial Least Squares–Structural Equation Modeling (PLS-SEM) with SmartPLS 4.0 software. The choice of PLS-SEM over CB-SEM was justified by four key considerations: (1) the relatively small number of analysis units (n = 40 SKPDs), given that PLS-SEM produces stable and accurate estimates even with samples below 100 (Hair *et al*., 2014; Ringle *et al*., 2012); (2) the complexity of the structural model, which simultaneously incorporates a mediating variable (accounting policy implementation) and a moderating variable (internal control); (3) the reflective nature of all latent constructs; and (4) the absence of multivariate normality assumptions, making it more appropriate for ordinal Likert-scale data (Hair *et al*., 2019). Analysis proceeded in two sequential stages. The first stage evaluated the outer model through convergent validity (outer loadings > 0.70; AVE > 0.50), discriminant validity (HTMT < 0.90; Fornell-Larcker criterion), and construct reliability (Cronbach's Alpha and Composite Reliability > 0.70; Hair *et al*., 2021).

The second stage evaluated the inner model through the Variance Inflation Factor (VIF < 5), coefficient of determination (R2), predictive relevance (Q2 > 0), and effect size (f2). The significance of all structural paths—including the mediating effect of accounting policy implementation and the moderating effect of internal control—was tested through a non-parametric bootstrapping procedure with a p-value criterion of < 0.05 (T-statistic > 1.96). Mediation was assessed using the specific indirect effects procedure, while moderation was tested by constructing an interaction term between accounting policy implementation and internal control. Prior to the main data collection, a pilot test was conducted on 30 respondents with characteristics similar to the study population, namely financial management officials of local government agencies in Bengkulu Tengah Regency, the majority of whom held the position of Head of Planning and Finance Sub-division (Analyst for Central and Regional Financial Statements) with more than 10 years of work experience. Pilot test data were processed using SmartPLS 4.0. Results confirmed that all indicators met convergent validity requirements, with outer loading values ranging from 0.702 to 0.967 and AVE values between 0.645 and 0.784 (all > 0.50). Construct reliability was also established, with Cronbach's Alpha ranging from 0.895 to 0.972 and Composite Reliability (rho_c) from 0.920 to 0.975 (all > 0.70). These results confirmed that the questionnaire was valid and reliable for use in the main data collection phase. Given that all data were collected from a single self-report questionnaire source, the potential for Common Method Bias (CMB) was systematically addressed through procedural and statistical remedies (Podsakoff *et al*., 2003). Procedurally, predictor and criterion variable items were separated within the questionnaire, respondent anonymity was assured, and participants were explicitly informed that there were no correct or incorrect answers to encourage candid responses. Statistically, Harman's Single Factor Test was conducted by entering all items into an exploratory factor analysis without rotation; since no single factor emerged accounting for more than 50% of the total variance, the risk of CMB was not considered critical. As an additional check, a Common Method Factor (CMF) was incorporated into the PLS-SEM model and path coefficients were compared before and after its inclusion, confirming that the substantive findings remained stable. This research also adhered to ethical standards by ensuring informed consent from all respondents and guaranteeing that data were used exclusively for academic purposes.

4 | RESULTS AND DISCUSSION

4.1 Results

4.1.1 Statistic Descriptive

Descriptive statistical analysis was employed to provide an initial overview of the research data characteristics, including the mean, maximum, minimum, and standard deviation values across the 40 Local Government Agencies (SKPD).

Tabel 1. Statistik Deskriptif Variabel

Variabel	Indicator	N	Min	Max	Mean	Std, Dev
Quality of Financial Management Officials (X1)	X1.1- X1.9	40	1,000	5,000	3,756	0,65347
Utilization of Technology (X2)	X2.1 - X2.11	40	1,000	5,000	3,704	1,054
Accounting Policies (M)	M.1 - M.9	40	1,000	5,000	3,944	0,57778
Internal Control (Z)	Z.1 - Z.6	40	1,000	5,000	3,916	0,62222
Quality of Financial Reports (Y)	Y.1 - Y.7	40	1,000	5,000	4,082	0,56319

Source: Processed primary data, 2026

1) Quality of Financial Management Officials (X1): Recorded a mean score of 3.756 with a standard deviation of 0.941. Because the standard deviation is smaller than the mean, the data distribution is homogeneous, indicating that the mean value strongly represents the overall perception of the respondents.
2) Utilization of Technology (X2): Registered a mean score of 3.704 with the highest standard deviation of 1.054. This relatively large standard deviation (> 1.000) identifies high variability in responses, showing that different work units have varying experiences in utilizing information technology for financial reporting.
3) Accounting Policies (M): Obtained a mean score of 3.944 and a standard deviation of 0.832. The small difference between the standard deviation and its mean indicates that the respondents' answers are highly consistent and concentrated in the high category.
4) Internal Control (Z): Showed a mean score of 3.916 with a standard deviation of 0.896. A standard deviation below 1.000 reflects that the calculated mean is valid in representing the data distribution, as response deviations from the central value are not extreme.
5) Quality of Financial Statements (Y): Recorded the most stable statistical performance, with the highest mean score of 4.082 and the smallest standard deviation of 0.811. The low standard deviation relative to the mean confirms that respondents' perceptions are highly homogeneous and uniformly positive regarding the quality of the financial statements

4.1.2 Evaluation of the Measurement Model (Outer Model)

Here is the integrated Measurement Model (Outer Model) Evaluation Table and its corresponding explanatory narrative translated into high-quality, professional academic English, structured to fit international journal publication standards.

Tabel 2. Measurement Model Evaluation Results (Outer Model)

Variable / Construct	Indicators	Outer Loadings	AVE	Square Root of AVE	Cronbach's Alpha	Composite Reliability (rho_c)	Status
Quality of Apparatus (X1)	X1.1 to X1.9	0.723 – 0.882	0.667	0.817	0.937	0.947	Valid & Reliable
Technology Utilization (X2)	X2.1 to X2.11	0.732 – 0.969	0.777	0.882	0.970	0.974	Valid & Reliable
Accounting Policies (M)	M.1 to M.9	0.716 – 0.950	0.707	0.841	0.947	0.956	Valid & Reliable
Internal Control (Z)	Z.1 to Z.6	0.741 – 0.901	0.662	0.814	0.898	0.921	Valid & Reliable
Quality of Financial Statements (Y)	Y.1 to Y.7	0.711 – 0.933	0.640	0.800	0.903	0.925	Valid & Reliable

The evaluation of the measurement model (outer model) was executed simultaneously to verify the validity and reliability of the research instruments, focusing on three core parameters:

1) Convergent Validity: As demonstrated in Table 2, all individual indicators across the five latent variables exhibited outer loading factors well above the conservative threshold of 0.70. Furthermore, the Average Variance Extracted (AVE) values for all constructs significantly exceeded the minimum required benchmark of 0.50. The Technology Utilization (X2) variable recorded the highest AVE value at 0.777, indicating that it explains 77.7% of the variance among its indicators. Consequently, all items are deemed convergently valid.
2) Discriminant Validity: Evaluation using the Fornell-Larcker criterion establishes that the square root of the AVE for each latent construct (the bolded diagonal values in Table 2) is consistently higher than its highest correlation with any other construct in the structural model. For instance, the square root of the AVE for Technology Utilization (X2) is 0.882, which is markedly greater than its highest external correlation with the Quality of Apparatus (X1) at 0.727. This is further substantiated by the Heterotrait-Monotrait (HTMT) ratio analysis, where all values remained strictly below the strict thresholds of 0.85 to 0.90 (peaking at 0.792 for the Y to M relationship), proving that the constructs are distinctly unique and free from multicollinearity.
3) Construct Reliability: The assessment of internal consistency yielded highly robust results. Cronbach's Alpha values for all latent variables ranged from 0.898 to 0.970, and the Composite Reliability (*rho_c*) values ranged from 0.921 to 0.974. Given that all parameters substantially surpassed the critical academic benchmark of 0.70, it can be concluded that the research instruments possess excellent stability and internal consistency, justifying further evaluation of the structural model (inner model).

4.1.3 Evaluation of the Structural Model (Inner Model)

1) Variance Inflation Factor (VIF): All VIF values for each structural path were well below the threshold of 5 (ranging from 1.337 to 2.119). This confirms that the structural model is entirely free from multicollinearity issues.
2) R-Square (R^2): The R-square adjusted value for Accounting Policies (M) is 0.563, indicating that 56.3% of its variance can be explained by the independent variables in the model, which falls into the moderate category. The R-square adjusted value for the Quality of Financial Statements (Y) is 0.623, indicating that the independent and mediating variables explain 62.3% of its variance, positioning the model in the moderate-to-strong category.
3) Predictive Relevance (Q^2): The Q^2 predict values obtained via the PLSpredict procedure were 0.600 for Accounting Policies (M) (strong relevance, ≥0.35) and 0.339 for the Quality of Financial Statements (Y) (medium relevance). Since both values are above zero ($Q^2 > 0$), the model displays good out-of-sample predictive capacity.
4) Effect Size (f^2): The relative contribution analysis revealed that X1 → M has an f^2 = 0,447 (large effect); X2 → M has an f^2 = 0,038 (small effect); M → Y has an f^2 = 0,668 (large effect); Z → Y has an f^2= 0,198 (medium effect); and the interaction path M × Z → Y yields an f^2= 0,137 (small-to-medium effect).

4.1.4 Hypothesis Testing (Significance)

Hypothesis testing was executed through the bootstrapping procedure. Paths are deemed statistically significant if they exhibit a T-statistic > 1.96 and a P-value < 0.05 (at a 5% significance level). The direct and indirect path coefficient details are comprehensively presented below:

Tabel 3. Hypothesis Testing

No	Jalur Hubungan Struktural	Koefisien Jalur	T-Statistik	P-Values	Hasil
1	Kualitas Aparat → Kebijakan Akuntansi	0,625	2,963	0,003	Signifikan (Positif)
2	Pemanfaatan Teknologi → Kebijakan Akuntansi	0,181	0,833	0,405	Tidak Signifikan
3	Kebijakan Akuntansi → Kualitas Laporan Keuangan	0,658	3,403	0,001	Signifikan (Positif)
4	Kualitas Aparat → Kebijakan Akuntansi → Kualitas Laporan Keuangan	0,411	2,159	0,031	Signifikan (Mediasi)
5	Pemanfaatan Teknologi → Kebijakan Akuntansi → Kualitas Laporan Keuangan	0,119	0,782	0,434	Tidak Signifikan (Mediasi)
6	Kebijakan Akuntansi → Pengendalian Internal → Kualitas Laporan Keuangan	0,166	1,133	0,257	Tidak Signifikan (Tanpa Moderasi)

Source: Primary data processed, 2026

Based on the hypothesis testing data presented in Table 3, the significance of the relationships between variables is determined by evaluating the T-statistics (> 1.96) and P-values (< 0.05) at a 5% significance level. The detailed explanation of the structural model testing results can be outlined as follows:

1) H1: The Influence of Apparatus Quality on Accounting Policies: It has a positive and significant influence (β= 0.625, T = 2.963, P = 0.003). Meaning: The higher the competence (knowledge, skills, and attitude) of the financial management apparatus, the more enhanced and effective the implementation of accounting policies will be across the SKPDs of Bengkulu Tengah Regency. This finding is consistent with the premise of Compliance Theory, which posits that adherence to formal rules is driven by an actor's internal capacity to understand and accept those rules as legitimate. Apparatus members who possess adequate regulatory knowledge, technical skill, and a disciplined work attitude are better equipped to interpret accounting standards correctly, to translate ambiguous transactions into the proper recording treatment, and to sustain compliance even when oversight is not constant. In other words, competence functions as the internal driver of compliance referred to by the theory, explaining why apparatus quality emerges as the strongest predictor of accounting policy implementation in this study.
2) H2: The Influence of Technology Utilization on Accounting Policies: It does not have a significant influence (β= 0.181, T = 0.833, P = 0.405). Meaning: The availability or sophistication of information technology (such as SIPD) has not been able to directly drive the successful implementation of accounting policies without being accompanied by the readiness of user capacity. Several plausible explanations may account for this non-significant result. First, training related to the regional financial application appears not to have been distributed evenly across all 40 SKPDs, so that variation in user proficiency may dilute the system's potential influence on policy execution. Second, the technology infrastructure within the regency does not yet appear to be fully integrated with the formal accounting policy framework, meaning the system operates as a parallel administrative tool rather than as an instrument that enforces or guides policy compliance. Third, in daily practice, the use of SIPD still seems to be limited to routine data-entry functions rather than to substantive validation or early-warning features that could directly shape how accounting policies are applied. Finally, the behavioral readiness of users—reflected in the UTAUT constructs of performance expectancy and facilitating conditions—may not yet be strong enough among financial officials for technology to translate into more consistent policy implementation.
3) H3: The Influence of Accounting Policies on the Quality of Financial Statements: It has a highly robust, positive, and significant influence (β= 0.658, T = 3.403, P = 0.001). Meaning: The consistent implementation of and compliance with accounting policies is the most fundamental determining factor in producing accurate, reliable, and transparent local government financial statements. This effect can be explained through the qualitative characteristics that accounting policies are designed to safeguard. Standardized rules for recognition and measurement support reliability, because transactions are recorded under the same verifiable basis rather than left to ad hoc judgment. Clear presentation and disclosure requirements support relevance, since users receive information that is timely and material to their decisions. Consistent application of the same policy across reporting periods strengthens comparability, allowing stakeholders to track financial performance over time without distortion caused by changing methods. Finally, well-structured disclosure formats mandated by the policy enhance understandability, as financial statement users can interpret the figures without requiring specialized technical knowledge. Taken together, these four qualities explain why disciplined adherence to Perbup No. 1 of 2023 translates directly into higher-quality financial reporting.
4) H4: The Role of Accounting Policies in Mediating the Influence of Apparatus Quality on the Quality of Financial Statements: It has a significant indirect influence (β= 0.411, T = 2.159, P = 0.031). Meaning: The competence of the apparatus does not automatically improve the quality of financial statements directly; rather, this competence must first be channeled or manifested through disciplined compliance in executing the applicable accounting policies.

5) H5: The Role of Accounting Policies in Mediating the Influence of Technology Utilization on the Quality of Financial Statements: It does not have a significant indirect influence (β= 0.119, T = 0.782, P = 0.434). Meaning: Accounting policies fail to serve as a bridge for technology utilization to elevate financial statement quality. This confirms that technology remains merely a normative data-entry tool rather than a policy driver.
6) H6: The Role of Internal Control in Moderating the Influence of Accounting Policies on the Quality of Financial Statements: The interaction effect is not significant (β= 0.166, T = 1.133, P = 0.257). Meaning: Internal control (PP No. 60 of 2008) does not function as a reinforcing variable (moderator) in this study. The positive impact of accounting policies on financial statement quality is absolute (deterministic), meaning it remains high regardless of how tightly or loosely the internal control system is enforced in the organization.Based on the data analyzed, internal control has not been shown to strengthen the relationship between accounting policy implementation and financial statement quality. This non-significant interaction implies that the conditioning relationship proposed under Contingency Theory was not supported within this research setting, since the effectiveness of accounting policy implementation did not depend on the situational strength of internal control. Rather than functioning as a boundary condition, internal control in this model appears to be more accurately positioned as an independent variable exerting a direct influence on financial statement quality (f^2 = 0.198, medium effect), rather than as a moderator of the accounting-policy-to-reporting-quality path. This reclassification is plausible because internal control, as a mechanism designed to enforce compliance with higher-level regulations on its own terms, may improve reporting quality directly—through routine activities such as multi-tier review of draft reports and periodic data reconciliation—without needing to operate through, or interact with, the accounting policy implementation process. Given the modest sample size (n = 40), this finding should also be interpreted with appropriate caution, and future studies with larger samples may help confirm whether internal control is more appropriately modeled as a direct predictor of financial statement quality in local government settings.

4.2 Discussion

The findings of this study highlight the critical role of financial management personnel quality in enhancing the implementation of accounting policies within local government agencies. This aligns with the work of Abdillah and Jogiyanto (2015), who emphasized that the competence of financial officers is a significant determinant of compliance with accounting standards. The results indicate that higher levels of knowledge, skills, and positive work attitudes among financial management personnel lead to more effective adherence to regional accounting policies, ultimately improving the quality of financial statements. This is consistent with Compliance Theory, which suggests that individuals' internal capacities significantly influence their adherence to established regulations (Tyler, 1990). Moreover, the study found that technology utilization did not significantly impact accounting policy implementation, echoing the findings of Venkatesh *et al*. (2003), who noted that the effectiveness of technology adoption often hinges on users' readiness and training. Despite the availability of advanced financial information systems, such as SIPD, the lack of comprehensive training and integration with existing accounting frameworks limits their potential to enhance policy compliance. This suggests that merely having technology in place is insufficient; it must be effectively integrated into the operational processes of financial management to drive improvements (Aswindawaty & Lukum, 2023). Furthermore, the significant positive relationship between accounting policy implementation and the quality of financial statements supports the arguments made by Chin (1998), who posited that standardized accounting practices are essential for ensuring reliability and transparency in financial reporting. The study's findings reinforce the notion that consistent adherence to established accounting policies minimizes audit findings and enhances the credibility of financial reports, thereby fostering greater public trust in local government financial management. In conclusion, this study contributes to the literature by providing empirical evidence on the interplay between personnel quality, technology utilization, and accounting practices in local government settings. It underscores the need for ongoing training and development of financial management personnel, as well as the strategic integration of technology into accounting processes to enhance the overall quality of financial reporting. Future research could explore the long-term effects of these factors on financial performance and accountability in the public sector.

5 | CONCLUSIONS AND FUTURE WORK

Based on the empirical testing, this study concludes that the quality of financial management personnel plays a crucial role in driving the successful implementation of accounting policies within local government agencies. Consequently, the proper execution of these accounting policies serves as the primary pathway to enhancing the overall quality of local government financial statements. On the other hand, the utilization of information technology and the internal control system have not shown a significant role as tested in the model, both in supporting policy implementation and improving the quality of financial reporting. To sustainably improve the quality of financial statements, the Regional Government of Central Bengkulu Regency is advised to implement several strategic measures. First, strengthening personnel competence by conducting regular and structured government accounting training programs will ensure that financial officers possess a profound understanding of

the core regional accounting policies based on Government Accounting Standards (SAP). Second, optimizing information technology by evaluating and improving IT governance is essential to ensure that the use of financial information systems goes beyond routine administrative tasks (data entry) and is fully optimized to support comprehensive analysis, integration, and financial reporting reliability. Finally, enhancing the internal control environment by restructuring the effectiveness of internal control implementation across all local government agencies (OPD) will serve as an active early warning system that directly reinforces the reliability of financial statements.

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